

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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R 041558Z MAR 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 8459

INFO AMCONSUL BORDEAUX

AMCONSUL LYON

AMCONSUL MARSEILLE

AMCONSUL NICE

AMCONSUL STRASBOURG

UNCLAS SECTION 01 OF 02 PARIS 06567

E.O. 11652: N/A

TAGS: PFOR, PGOU, PINT, FR

SUBJECT: "FOURCADE-MITERRAND: SCORE 0-0"

1. SUMMARY. YESTERDAY'S FIGARO HEADLINE MORE OR LESS CAPSULIZES IMPACT OF TELEVISED DEBATE BETWEEN SOCIALIST LEADER AND 1974 PRESIDENTIAL CANDIDATE FRANCOIS MITTERRAND AND FINANCE MINISTER JEAN-PIERRE FOURCADE. TECHNICAL ARGUMENTS ON THE COSTS AND FINANCING OF CERTAIN ASPECTS OF THE PS "COUNTER-PLAN" FOR ECONOMIC REVIVAL (DETAILED BY MITTERRAND ON JANUARY 27, FIRST ATTACKED BY FOURCADE ON FEBRUARY 7) FLEW PAST EACH OTHER IN A FLURRY OF INTERRUPTIONS. ECONOMIC LIBERAL AND SOCIALIST APPROACHES TO LASTING ECONOMIC RECOVERY LIKEWISE PASSED EACH OTHER LIKE IDEOLOGICAL TRAINS IN THE NIGHT. WHEN IT WAS ALL OVER, LITTLE ENLIGHTENMENT HAD BEEN PROVIDED TO THE SPECTATOR. OVERALL, MITTERRAND WAS MORE AT EASE, WHILE THE FINANCE MINISTER WAS NOTICEABLY TENSE IN THE BEGINNING BUT SEEMED TO "COME INTO UNCLASSIFIED

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HIS ELEMENT" AT THE END. THE FORMER PROBABLY DID

LITTLE TO CONVINCE SCEPTICS OF THE PS' ECONOMIC COMPE-
TENCE; THE LATTER ON THE OTHER HAND, MAY HAVE ADVANCED
HIS EFFORT TO DISPEL A PURELY TECHNOCRATIC IMAGE.
REMAINDER OF MESSAGE OUTLINES MAJOR ARGUMENTS OF EACH.
END SUMMARY.

2. MITTERRAND BEGAN BY ASKING FOURCADE "WHY HE WAS
ALWAYS WRONG" IN HIS ECONOMIC FORECASTING. HE COMPARED
GOF PROJECTION OF 4 PERCENT GROWTH RATE FOR 1975 WITH
FINAL RESULT OF MINUS 2.5 OR 3; CONTRASTED JANUARY'S
1.1 PERCENT CONSUMER PRICE INDEX INCREASE WITH GOF
PREDICTIONS FOR RATES HALF AS HIGH; CITED 1975 40 BIL-
LION FRANC BUDGET DEFICIT AGAINST INITIAL PROJECT
FOR BALANCE; AND RECITED A LITANY OF 1974 AND 1975
GOVERNMENT STATEMENTS ON "TEMPORARY" NATURE OF EMPLOY-
MENT TOGETHER WITH FIGURES SHOWING STEADY DOUBLING OF
JOBLESS FIGURES OVER SAME PERIOD. LAST YEAR'S TRADE
SURPLUS, HE NOTED CORRECTLY, WAS DUE TO RECESSION-
INDUCED CUTS IN IMPORTS. HIS POSITIVE ARGUMENT WAS
THAT ECONOMIC REVIVAL, INCLUDING INVESTMENT, HAD TO
BE BASED ON "NATIONAL CONCENSUS" WHICH PROVIDED FOR
SOCIAL JUSTICE. IN THIS SENSE, THE JANUARY 27 PS
PROGRAM WAS ONLY THE FIRST PART OF A THREE-PHASE PLAN,
WHICH WOULD INCLUDE A REFORM OF ECONOMIC STRUCTURES
(INTER ALIA, GOVERNMENT CONTROL OF CREDIT) TO GIVE
GOVERNMENT REAL MASTERY OF ECONOMY (AS OPPOSED TO
CAPITALIST "LAW OF THE JUNGLE") AND FINALLY, "OOGES-
TION" OR WORKER MANAGEMENT OF ENTERPRISES.

3. MITTERRAND'S REMARKS CONCERNING FOREIGN ECONOMIC
POLICY:

A. HE CALLED FOR A BETTER BALANCE IN FRANCE'S
TRADE WITH ALGERIA, (AS A RECAPITULATION AND DEFENSE OF
HIS ALGIERS STATEMENTS) LINKING IT TO A VAGUE REMARK ON
"OBLIGATIONS TO THE THIRD WORLD."

B. HE CRITICIZED GOF FOR ABJECTLY "SURRENDERING"
TO THE UNITED STATES AGREEING TO A MONETARY ARRANGEMENT
WHICH "GAVE ALL POWER TO THE DOLLAR" AND ABANDONED
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GOLD "TO ITS SAD FATE."

4. FOURCADE NOTED THAT GOVERNMENT NEVER CLAIMED TO BE
CLAIRVOYANT, AND IT WAS THANKS TO POLICY ADJUSTMENTS
SUCH AS LAST SEPTEMBER'S PROGRAM THAT FRENCH ECONOMY
WAS NOW RECOVERING. PRESENT CONSUMPTION-LED EXPANSION
WOULD SOON BE FOLLOWED BY INVESTMENTS. MEANWHILE, GOF
HAD ADVANCED SOCIAL JUSTICE IN LAST TWO YEARS THROUGH

A 54 PERCENT INCREASE IN MINIMUM PAYMENTS TO THE AGED
AND INCREASE IN MINIMUM WAGE AND CIVIL
SERVICE SALARIES. HE NOTED THAT UNEMPLOYMENT HAD
LEVELLED OFF. FOURCADE'S "OFFENSE" BEGAN WITH A
REPETITION OF HIS VIEW THAT PS PROGRAM WOULD PROVOKE A
140 BILLION FRANC BUDGET DEFICIT. IN TERMS OF ECONOMIC
POLICY, HE POINTED OUT THAT PS PROGRAM OF OVER 200,000
NEW JOBS IN TERTIARY SECTOR (INCLUDING L50,000 IN CIVIL

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SERVICE) WAS IN DIRECT OPPOSITION TO PRESSING NEED TO
INCREASE PRODUCTION AND GIVE NEW "MUSCLE" TO FRENCH
INDUSTRY. FINALLY, HE NOTED THAT PS PROPOSAL WAS NOT
ONLY "OBSOLETE", IN THAT IT DERIVED FROM COMMON PROGRAM
DATING FROM 1972, BUT INCONSISTENT WITH PROGRAMS OF ALL
FRANCE'S E.C. PARTNERS, INCLUDING THOSE WITH SOCIALIST
GOVERNMENTS. MITTERRAND'S PROGRAM, HE SAID, WOULD

BREAK THE COMMON MARKET AND ISOLATE FRANCE.

5. FOOTNOTE -- SLIPPERY FIGURES: ALTHOUGH THEY PROBABLY PASSED BY THE GREAT MAJORITY OF TV AUDIENCE, BOTH CONTESTANTS SHOWED THEY WERE NOT UNADVERSE TO PLAYING WITH FIGURES TO PROVE THEIR POINTS. FOR EXAMPLE, THE 16 BILLION FRANC DIFFERENCE BETWEEN MITTERRAND'S AND FOURCADE'S ESTIMATES OF BUDGETARY COST OF DOUBLING MINIMUM OLD AGE BENEFIT WAS SHOWN TO RESULT FROM FORMER'S PLOY OF SHIFTING THIS AMOUNT TO UNCLASSIFIED

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SEPARATE SOCIAL SECURITY ACCOUNT, WHICH WOULD IN TURN FINANCE ADDITIONAL BURDEN TO ITS DEFICIT "THROUGH ISSUE OF TREASURY BILLS." ON THE OTHER HAND, FOURCADE PROVIDED A PERCENTAGE BREAKDOWN OF UNEMPLOYMENT, INCLUDING "SIXTEEN PERCENT BY RESIGNATION" AND "SEVENTEEN PERCENT THROUGH TERMINATION OF CONTRACTS" WHICH EVEN CONSERVATIVE FIGARO ADMITTED WAS WHOLLY UNCONVINCING, WHILE HE COUNTED INCREASES IN MINIMUM WAGE (AUTOMATIC-BASED ON PRICES) AND IN BASE SALARY OF CIVIL SERVICE (WHICH, BY INDEXING, BENEFITS AN INSPECTEUR DES FINANCES FAR MORE THAN A MAILMAN) AS EFFORTS AT REDUCING INEQUALITY. HE SIMPLY DENIED THE SUBSTANTIAL DECLINE IN AGRICULTURAL INCOMES OF 1974 AND 1975.

6. POLITICAL FALLOUT -- ANOTHER STANDOFF: PRESS REACTIONS AND A FEW PARTIAL POLLS SUGGEST THAT THE FRENCH REACTED TO THE DEBATE WITH HIGH ATTENTION (65.8 PERCENT OF THE TV AUDIENCE -- SOME 31 MILLION SPECTATORS - WATCHED THE SHOW), LOW CONVICTION (37 PERCENT OF THOSE POLLED GAVE THE EDGE TO FOURCADE, 30 PERCENT TO MITTERRAND, 32 PERCENT CALLED IT EVEN) AND SOME PUZZLEMENT. THE PRESS WAS, HOWEVER, UNUSUALLY PLAIN-SPOKEN IN LETTING ITS DISAPPOINTMENT SHOW THROUGH. FROM THE FAR LEFT (LIBERATION: "WORDS AND FIGURES") TO THE RIGHT (AURORE CALLED THE DEBATE A "SOMETIMES INCOMPREHENSIBLE DELUGE OF CONTRADICTORY FIGURES AND PERCENTAGES") THE PRESS SEEMED UNANIMOUS IN ITS DISAPPOINTMENT. ON THE OTHER HAND IT MAY BE OBSERVED THAT FOURCADE, WITH HIS REPUTATION AS A COLD TECHNOCRAT, FARED BETTER THAN EXPECTED AGAINST MITTERRAND, A MAN LONG ACCOMPLISHED IN THE DEBATING ARENA. EVEN IN THE REALM OF "GENERAL" POLITICS THE FINANCE MINISTER HELD HIS OWN. AS A RESULT, THOUGH THE MATCH WAS TIE IN ONE SENSE, THE GOVERNMENT CAME OFF LOOKING BETTER THAN ANTICIPATED.
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